



Senate

General Assembly

File No. 144

January Session, 2013

Substitute Senate Bill No. 318

Senate, March 26, 2013

The Committee on General Law reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING USED AUTOMOBILE WARRANTIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-221 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2014*):

3 (a) A dealer selling a used motor vehicle which has a cash purchase
4 price of [three] five thousand dollars or more shall not exclude,
5 modify, disclaim or limit implied warranties on the motor vehicle.

6 (b) Each contract entered into by a dealer for the sale to a consumer
7 of a used motor vehicle which has a cash purchase price of [three] five
8 thousand dollars or more but less than [five] six thousand five
9 hundred dollars, shall include an express warranty, covering the full
10 cost of both parts and labor, that the vehicle is mechanically
11 operational and sound and will remain so for at least thirty days or
12 one thousand five hundred miles of operation, whichever period ends
13 first, in the absence of damage resulting from an automobile accident
14 or from misuse of the vehicle by the consumer. Each contract entered

15 into by a dealer for the sale of a used motor vehicle which has a cash
16 purchase price of [five] six thousand five hundred dollars or more
17 shall include an express warranty, covering the full cost of both parts
18 and labor, that the vehicle is mechanically operational and sound and
19 will remain so for at least sixty days or three thousand miles of
20 operation, whichever period ends first, in the absence of damage
21 resulting from an automobile accident or from misuse of the vehicle by
22 the consumer. A dealer may not limit a warranty covered by this
23 section by the use of such phrases as "fifty-fifty", "labor only", "drive
24 train only", or other words attempting to disclaim his responsibility.

25 (c) The provisions of this section shall not apply to: (1) The sale of a
26 used motor vehicle having a cash purchase price of less than [three]
27 five thousand dollars; (2) the sale of such motor vehicles between
28 dealers; or (3) the sale of a used motor vehicle which is [seven] eight
29 years of age or older, which age shall be calculated from the first day
30 in January of the designated model year of such vehicle.

31 (d) The consumer may waive a warranty required pursuant to this
32 section only as to a particular defect in the vehicle which the dealer has
33 disclosed to the consumer as being defective. No such waiver shall be
34 effective unless such waiver: (1) Is in writing; (2) is conspicuous, as
35 defined in subdivision (10) of subsection (b) of section 42a-1-201, and is
36 in plain language; (3) identifies the particular disclosed defect in the
37 vehicle for which such warranty is to be waived; (4) states what
38 warranty, if any, shall apply to such disclosed defect; and (5) is signed
39 by both the customer and the dealer prior to sale.

40 Sec. 2. Subsection (a) of section 42-224 of the general statutes is
41 repealed and the following is substituted in lieu thereof (*Effective*
42 *January 1, 2014*):

43 (a) A used motor vehicle may be sold "as is" by a dealer only if its
44 cash purchase price is less than [three] five thousand dollars or if such
45 used motor vehicle is [seven] eight years of age or older, which age
46 shall be calculated from the first day in January of the designated
47 model year of such vehicle.

| | | |
|---|--|--|
| This act shall take effect as follows and shall amend the following sections: | | |
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|-----------|------------------------|-----------|
| Section 1 | <i>January 1, 2014</i> | 42-221 |
| Sec. 2 | <i>January 1, 2014</i> | 42-224(a) |

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

| Agency Affected | Fund-Effect | FY 14 \$ | FY 15 \$ |
|-----------------|-------------------|-----------------|-----------------|
| Judicial Dept. | GF - Revenue Gain | less than 5,000 | less than 5,000 |

Municipal Impact: None

Explanation

The bill results in a potential revenue gain of less than \$5,000 to the General Fund due to an anticipated ten additional cases per year which may result in license suspension or a civil penalty. The bill increases the age and monetary value of used vehicles for which motor vehicle dealers must provide express warranties. The bill also increases the age of a motor vehicle that dealers can sell in "as is" condition.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 318*****AN ACT CONCERNING USED AUTOMOBILE WARRANTIES.*****SUMMARY:**

This bill increases the age and monetary value of used vehicles for which motor vehicle dealers must provide express warranties and makes corresponding value changes for used vehicles that may be sold “as is.”

The bill increases the maximum age of a vehicle eligible for a used vehicle warranty from six to seven years old. By law, the age is calculated from January 1st of the vehicle’s designated model year.

Under current law, the warranty term is determined by the vehicle’s selling price, with more expensive vehicles having a longer warranty period or more mileage coverage. For vehicles costing (1) between \$3,000 and \$5,000, the warranty must last 30 days or 1,500 miles and (2) over \$5,000, the warranty must last 60 days or 3,000 miles. The bill increases these thresholds to (1) between \$5,000 and \$6,500 and (2) over \$6,500, respectively, without changing the warranty period.

By law, the warranty must cover all parts and labor, but not damage due to accidents or misuse. It must provide that the vehicle is mechanically operational and sound for the duration of the warranty period. The consumer may waive a warranty only if the waiver is for a specific defect that the dealer discloses.

Under the bill, a motor vehicle dealer may sell a used vehicle “as is” only if it is less than (1) \$5,000 or (2) eight years old. Under current law, dealers may sell these used vehicles if they are less than (1) \$3,000 or (2) seven years old. By law, “as is” vehicles do not contain any

implied warranties and dealers must post certain disclaimers notifying consumers of their rights.

EFFECTIVE DATE: January 1, 2014

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 1 (03/12/2013)